IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF SOUTH CAROLINA

CHARLESTON DIVISION

Long Holdings, Inc; Bay Shore Enterprises, LLC; Burgess 7, LLC; Charles Ruma; CK Investments, LLC; D and D Partners; Enseo, Inc.; Michael Bloch; Richard J. Lehmann; Morrison Creek, LLC; Sunchaser Capital; and Texas Crude Energy, LLC, Plaintiffs, vs. Global Aerospace, Inc., Steven F. Santo, and Stephen Wagman, Defendants.	Civil Action No. 2:14-cv-01930-DCN **ANSWER OF DEFENDANT GLOBAL AEROSPACE, INC.**

Global Aerospace, Inc. ("Global" or "Responding Party") hereby files its answer to the Complaint of Long Holdings, Inc.; Bay Shore Enterprises, LLC; Burgess 7, LLC; Charles Ruma; CK Investments, LLC; D and D Air Partners; Enseo, Inc.; Michael Bloch; Richard J. Lehmann; Morrison Creek, LLC; Sunchaser Capital; and Texas Crude Energy, LLC. (Collectively "Plaintiffs"); and unless specifically admitted, all allegations of the Complaint are denied.

THE PARTIES, JURISDICTION, AND VENUE

1. In answer to paragraph 1 of the Complaint, Global lacks sufficient knowledge or information to form a belief as to the truth of the allegations concerning the Plaintiffs fractional ownership interest in the Piaggio P180 Aircraft #N130SL, and therefore denies the allegations of the paragraph on that basis.

2. In answer to paragraph 2 of the Complaint, Global admits the allegations of Paragraph 2, except that the "Kansas City" office is in Overland Park and the "Los Angeles" office is in Woodland Hills.

3. In answer to paragraph 3 of the Complaint, Global denies each and every allegation of this paragraph, except to admit only that the Policy Number 13000690 was issued to Avantair, Inc. as the first Named Insured, and scheduled the Aircraft. The terms and condition applicable to physical damage coverage are set forth in the Policy.

4. In answer to paragraph 4 of the Complaint, Global admits that Plaintiff Long Holdings, Inc. was listed as an insured under the Policy on certain schedules at certain times, and that the insurance policy is a contract upon the terms and conditions set forth in the Policy. Global either denies the remainder of the allegations or lacks sufficient knowledge or information to form a belief as to the truth of the balance of the allegations, and on this basis denies these allegations.

5. In answer to paragraph 5 of the Complaint, Global denies each and every allegation of paragraph 5 of this paragraph.

6. In answer to paragraph 6 of the Complaint, Global denies each and every allegation of paragraph 6 of this paragraph.

7. In answer to paragraph 7 of the Complaint, Global admits that it regularly transacts business within the State of South Carolina, and admits that it is a member of the South Carolina Aviation Association, but denies the balance of the allegations of this paragraph.

8. In answer to paragraph 8 of the Complaint, Global denies the allegations of this paragraph. However, Global admits that insurance policies are issued through Global on behalf of certain insurance companies.

9. In answer to paragraph 9 of the Complaint, Global lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in this paragraph, and on this basis denies these allegations.

10. In answer to paragraph 10 of the Complaint, Global lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in this paragraph, and on this basis denies these allegations.

11. In answer to paragraph 11 of the Complaint, Global lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in this paragraph, and on this basis denies these allegations.

12. In answer to paragraph 12 of the Complaint, Global denies each and every allegation of this paragraph.

13. In answer to paragraph 13 of the Complaint, Global denies each and every allegation of the paragraph.

BACKGROUND

14. In answer to paragraph 14, Global admits only that Avantair, Inc., the first Named Insured on the Policy, managed a fleet of small private turboprops, including the Aircraft. Global denies the balance of the allegations contained in this paragraph.

15. In answer to paragraph 15, Global lacks sufficient knowledge or information to form a belief as to the truth of these allegations, and on this basis denies the allegations of this paragraph.

16. In answer to paragraph 16, Global admits only that certain Plaintiffs are listed as named insureds on the Policy and that Avantair is listed as the first Named Insured on the Policy.

Global lacks sufficient knowledge or information to form a belief as to the truth of the balance of the allegations, and on this basis denies these allegations of this paragraph.

17. In answer to paragraph 17 of the Complaint, Global denies the allegations of this paragraph except to admit that at the time of the hail event the Aircraft was valued at $4,914,000.

18. In answer to paragraph 18 of the Complaint, Global admits that it was generally aware of the existence of the Program, but denies that it was aware of every or all of the terms of the Program.

19. In answer to paragraph 19, Global admits only that it was required pursuant to the terms of the Policy to adjust the claim on the Aircraft solely with Avantair and make payment to Avantair as the sole loss payee. Global further admits that the Program provides: "In the event of any damage to or loss, theft or destruction of, the Aircraft by any cause whatsoever ("Loss or Damage"), not involving an actual or constructive (i.e., the Aircraft cannot be properly or economically repaired) total loss ("Repairable Loss"), all insurance proceeds in respect thereof shall be paid to Manager (pursuant to the terms and conditions of the MADL) in trust for the repair and restoration of the Aircraft to good repair, condition and working order." Global denies the balance of the allegations of this paragraph.

20. In answer to paragraph 20, Global admits that it was required pursuant to the terms of the Policy to adjust the claim on the Aircraft solely with Avantair and make payment to Avantair as the sole loss payee. Global admits that the Program provides: "In the event Seller elects not to replace the Aircraft, Purchaser shall be entitled to Purchaser's pro rata share of the hull insurance proceeds, provided that Purchaser shall continue to pay all fees, costs and expenses pursuant to the Program Documents and shall continue to have the right to utilize the

Program until such time as the insurance proceeds are distributed and Purchaser's Interest is thereby terminated." Global denies the balance of the allegations of this paragraph.

21. In answer to paragraph 21, Global admits that it was required pursuant to the terms of the Policy to adjust the claim on the Aircraft solely with Avantair and make payment to Avantair as the sole loss payee. Global admits that the Program provides: "In the event of any damage to or loss, theft or destruction of, the Aircraft by any cause whatsoever ("Loss or Damage"), not involving an actual or constructive (i.e., the Aircraft cannot be properly or economically repaired) total loss ("Repairable Loss"), all insurance proceeds in respect thereof shall

be paid to Manager (pursuant to the terms and conditions of the MADL) in trust for the repair and restoration of the Aircraft to good repair, condition and working order." Global denies the balance of the allegations of this paragraph.

22. In answer to paragraph 22, Global admits that it was required pursuant to the terms of the Policy to adjust the claim on the Aircraft solely with Avantair and make payment to Avantair as the sole loss payee. Global admits that the Program provides: "If the hull insurance proceeds exceed the aggregate cost to (as elected by Manager under the MADL) repair or replace the Aircraft, Seller shall pay the amount of such excess to Purchaser, pro rata based on the percentage amount of the Purchaser's Interest." Global denies the balance of the allegations of this paragraph.

23. In answer to paragraph 23, Global admits only that the Aircraft sustained hail damage while parked on the ramp at the Centennial Airport in Englewood, Colorado on or about June 6, 2012. Global denies the balance of the allegations of this paragraph.

24. In answer to paragraph 24 of the Complaint, Global denies the allegations of this paragraph; and admits only that it incurred $2,835,794.96 on the claim; of this sum $2,527,583.92 was the cost to repair the physical damage; $300,000 was for the extra expense of temporary substitute aircraft; and $8,211.04 was general expense for investigating, adjusting and handling the claim.

25. In answer to paragraph 25 of the Complaint, Global denies each and every allegation of this paragraph.

26. In answer to paragraph 26 of the Complaint, Global denies each and every allegation of this paragraph.

27. In answer to paragraph 27 of the Complaint, Global denies each and every allegation of this paragraph.

28. In answer to paragraph 28 of the Complaint, Global admits only that Santo and Wagman as officers of Avantair and while acting in the course and scope of their employment had limited contact with Global regarding the adjustment of the loss with Global. Global denies the balance of the allegations of this paragraph.

29. In answer to paragraph 29 of the Complaint, Global denies each and every allegation of this paragraph.

30. In answer to paragraph 30 of the Complaint, Global admits only that it agreed to make several partial payments while evaluating the repair cost which ultimately came to $2,527,583.92. Global also paid $300,000 for the extra expense of temporary substitute aircraft; and incurred $8,211.04 for investigating, adjusting and handling the claim. Global denies the balance of the allegations of this paragraph.

31. In answer to paragraph 31 of the Complaint, Global denies the allegations of this paragraph, except to admit that it agreed to make several partial payments while evaluating the repair cost which ultimately came to $2,527,583.92. Global also paid $300,000 for the extra expense of temporary substitute aircraft; and incurred $8,211.04 for investigating, adjusting and handling the claim.

32. In answer to paragraph 32 of the Complaint, Global denies each and every allegation of this paragraph.

33. In answer to paragraph 33 of the Complaint, Global denies each and every allegation of this paragraph.

34. In answer to paragraph 34 of the Complaint, Global denies each and every allegation of this paragraph.

35. In answer to paragraph 35 of the Complaint, Global lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in this paragraph, and on this basis denies these allegations.

36. In answer to paragraph 36 of the Complaint, Global lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in this paragraph, and on this basis denies these allegations.

37. In answer to paragraph 37 of the Complaint, Global lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in this paragraph, and on this basis denies these allegations.

FOR A FIRST CAUSE OF ACTION
Declaratory Judgment

38. In answer to paragraph 38 of the Complaint, Global incorporates by reference its responses to paragraphs 1 to 37 to the Complaint as if fully stated herein.

39. In answer to paragraph 39 of the complaint, Global denies each and every allegation of this paragraph including subparagraphs, except that Global admits only that the Policy provided coverage for the physical damage to the Aircraft that occurred on or about June 6, 2012 from hail.

FOR A SECOND CAUSE OF ACTION
Breach of Contract as to Defendant Global Aerospace

40. In answer to paragraph 40 of the Complaint, Global incorporates by reference its responses to paragraphs 1 to 39 to the Complaint as if fully stated herein.

41. In answer to paragraph 41 of the Complaint, Global admits the Policy was issued through Global.

42. In answer to paragraph 42 of the Complaint, Global admits that insurance policies are normally binding contracts under the laws of the applicable state law, but otherwise denies the allegations of this Paragraph upon lack of information and belief as, among other things, the first named insured is currently in bankruptcy, and it is uncertain whether all plaintiffs have standing to make a claim under the Policy.

43. In answer to paragraph 43 of the Complaint, Global admits that certain Plaintiffs were named insureds under the Policy, but only with respect to the Managed Aircraft Schedule for the Aircraft. Global denies the balance of the allegations of this paragraph.

44. In answer to paragraph 44 of the Complaint, Global admits the allegations of this paragraph to the extent that it refers to hail damage. To the extent it does not, Global denies the allegations of this paragraph.

45. In answer to paragraph 45 of the Complaint, Global admits the allegations of this paragraph, but only with respect to its investigation of the adjustment of the loss at the time the

claim was approved to be paid, and at no subsequent time. Global denies the balance of the allegations of this paragraph.

46. In answer to paragraph 46 of the Complaint, Global denies each and every allegation of this paragraph.

47. In answer to paragraph 47 of the Complaint, Global denies each and every allegation of this paragraph.

48. In answer to paragraph 48 of the Complaint, Global denies each and every allegation of this paragraph.

FOR A THIRD CAUSE OF ACTION
Insurance Bad Faith and Improper Claims Practices as to Defendant Global Aerospace

49. In answer to paragraph 49 of the Complaint, Global incorporates by reference its responses to paragraphs 1 to 48 to the Complaint as if fully stated herein.

50. In answer to paragraph 50 of the Complaint, Global admits that insurance policies are normally binding contracts under the laws of the applicable state law, but otherwise denies the allegations of this Paragraph upon lack of information and belief as, among other things, the first named insured is currently in bankruptcy, and it is uncertain whether all plaintiffs have standing to make a claim under the Policy.

51. In answer to paragraph 51 of the Complaint, Global admits that certain Plaintiffs were named insureds under the Policy, but only with respect to the Managed Aircraft Schedule for the Aircraft. Global denies the balance of the allegations of this paragraph.

52. In answer to paragraph 52 of the Complaint, Global denies each and every allegation of this paragraph.

53. In answer to paragraph 53 of the Complaint, Global denies each and every allegation of this paragraph and subparagraphs.

54. In answer to paragraph 54 of the Complaint, Global denies each and every allegation of this paragraph.

55. In answer to paragraph 55 of the Complaint, Global denies each and every allegation of this paragraph and subparagraphs.

56. In answer to paragraph 56 of the Complaint, Global denies each and every allegation of this paragraph.

FOR A FOURTH CAUSE OF ACTION
Negligence as to Defendant Global Aerospace

57. In answer to paragraph 57 of the Complaint, Global incorporates by reference its responses to paragraphs 1 to 56 to the Complaint as if fully stated herein.

58. In answer to paragraph 58 of the Complaint, Global denies that it owed Plaintiffs a duty of care based upon tort law.

59. In answer to paragraph 59 of the Complaint, Global denies each and every allegation of this paragraph and subparagraphs.

60. In answer to paragraph 54 of the Complaint, Global denies each and every allegation of this paragraph.

61. In answer to paragraph 55 of the Complaint, Global denies each and every allegation of this paragraph and subparagraphs.

As for allegations of the Complaint in paragraphs 62 to 90, Global does not respond as these allegations are directed solely to co-defendants, and not to Global.

FOR AN EIGHTH CAUSE OF ACTION
Rescission of Any Releases Executed Between Defendants

91. In answer to paragraph 91 of the Complaint, Global incorporates by reference its responses to paragraphs 1 to 61 to the Complaint as if fully stated herein.

92. In answer to paragraph 92 of the Complaint, Global lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in this paragraph, and on this basis denies these allegations.

93. In answer to paragraph 93 of the Complaint, Global lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in this paragraph, and on this basis denies these allegations.

94. In answer to paragraph 94 of the Complaint, Global lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in this paragraph, and on this basis denies these allegations.

95. In answer to paragraph 95 of the Complaint, Global lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in this paragraph, and on this basis denies these allegations.

96. In answer to paragraph 96 of the Complaint, Global denies each and every allegation of this paragraph and subparagraphs.

97. In answer to paragraph 97 of the Complaint, Global denies each and every allegation of this paragraph and subparagraphs.

98. In answer to paragraph 98 of the Complaint, Global denies each and every allegation of this paragraph and subparagraphs.

99. In answer to paragraph 99 of the Complaint, Global denies each and every allegation of this paragraph and subparagraphs.

100. In answer to paragraph 100 of the Complaint, Global denies each and every allegation of this paragraph and subparagraphs.

101. In answer to paragraph 101 of the Complaint, Global denies each and every allegation of this paragraph and subparagraphs.

PRAYER FOR RELIEF

Global denies that Plaintiffs are entitled to any relief upon the allegations of their Complaint.

AFFIRMATIVE DEFENSES

FIRST AFFIRMATIVE DEFENSE
(Failure to State a Claim)

Certain purported causes of action in the Complaint fail to state a claim upon which relief can be granted.

SECOND AFFIRMATIVE DEFENSE
(Failure to Name Indispensible Parties)

Plaintiffs Complaint fails to name indispensible parties but because the action is stayed pursuant to 11 U.S.C. 362(a), Global has not filed a motion to dismiss under Federal Rules of Civil Procedure, Rule 12(b)(7) and Rule 19.

THIRD AFFIRMATIVE DEFENSE
(Equitable Estoppel)

Global alleges that, as a result of the actions of Plaintiffs, which will be more specifically proven at trial, Plaintiffs are estopped from asserting any relief to which they might be entitled, if any, under the Complaint, and each claim for relief which forms the basis of the Complaint

FOURTH AFFIRMATIVE DEFENSE
(Unclean Hands)

The Complaint, and every purported claim for relief contained therein, is barred under the equitable doctrine of unclean hands.

FIFTH AFFIRMATIVE DEFENSE
(Waiver)

Global alleges that, as a result of the actions of Plaintiffs, which will be more specifically proven at trial, Plaintiffs have waived any right to relief, if any, under the Complaint, and each claim for relief which forms the basis of the Complaint.

SIXTH AFFIRMATIVE DEFENSE
(Good Faith)

At all times relevant herein, Global acted in good faith and in reliance upon the terms of the Policy in adjusting the claim on the Aircraft with Avantair, Inc. , determining the amount of the loss, and making payment on the claim.

SEVENTH AFFIRMATIVE DEFENSE
(Automatic Stay)

Plaintiffs Complaint is stayed pursuant to 11 U.S.C. 362(a) as the Policy which is the subject of the action is an asset of the Avantair bankruptcy estate, and the Complaint implicates other rights and obligations of the debtor.

EIGHTH AFFIRMATIVE DEFENSE
(Failure to Mitigate)

Plaintiffs' causes of action are barred, because Plaintiffs have failed to mitigate its damages, if any.

NINTH AFFIRMATIVE DEFENSE
(Agency-Avantair)

Plaintiffs authorized Avantair to act as their agent under the Program and with respect to Global and the Policy, and the actions of Avantair within its agency are binding upon plaintiffs, and notice to Avantair serves as constructive notice to plaintiffs.

TENTH AFFIRMATIVE DEFENSE
(Agency-Lockton)

Plaintiffs authorized Lockton to act as their agent with respect to the Policy and dealing with Global, and the actions of Lockton within its agency are binding upon plaintiffs, and notice to Lockton serves as constructive notice to plaintiffs.

ELEVENTH AFFIRMATIVE DEFENSE
(Genuine Issue)

Plaintiffs may not recover for bad faith under the Complaint on the basis that a "Genuine Issue" exists.

TWELFTH AFFIRMATIVE DEFENSE
(Conversion)

Recovery on the Policy through Plaintiffs causes of action against Global based upon the alleged conversion of funds by Avantair and its officers or agents are barred under Condition 13 of the Policy, and under the terms of the Managed Aircraft Schedule of the Policy.

THIRTEENTH AFFIRMATIVE DEFENSE
(Policy Terms)

Global adhered to the Policy terms, and all causes of action of Plaintiffs requiring Global to deviate from the policy terms are barred.

FOURTEENTH AFFIRMATIVE DEFENSE
(Reservation of Rights)

Global reserves its rights to supplement this answer with additional affirmative defenses, counterclaims or cross-claims as facts are revealed in discovery, subject to relief from the automatic stay of 11 U.S.C. 362(a).

FIFTEENTH AFFIRMATIVE DEFENSE
(Choice of Law)

The law of a state other than South Carolina may apply to this controversy pursuant to applicable choice of law rules.

SIXTEENTH AFFIRMATIVE DEFENSE
(Failure to Satisfy Conditions)

The Plaintiffs have failed to comply with one or more conditions of the Policy, thus precluding any right to bring suit against Global.

SEVENTEENTH AFFIRMATIVE DEFENSE
(Consent, Novation, Ratification and Payment)

Global pleads that Plaintiffs' claims are barred, in whole or in part, by the doctrines of consent, novation, ratification and payment.

EIGHTEENTH AFFIRMATIVE DEFENSE
(Intervening and Superseding Cause)

Global pleads that Plaintiffs' claims are barred, in whole or in part, by the doctrines of intervening and superseding cause.

NINETEENTH AFFIRMATIVE DEFENSE
(Comparative Negligence)

Global pleads that Plaintiffs' claims are barred, in whole or in part, by the comparative negligence of the Plaintiffs; in the alternative, any award to Plaintiffs should be reduced by the percentage that the Plaintiffs' conduct caused their damages.

TWENTIETH AFFIRMATIVE DEFENSE
(Statute of Limitations)

Global alleges that one or more claims may be barred by the applicable statute of limitations.

TWENTY-FIRST AFFIRMATIVE DEFENSE
(Assumption of Risk)

Plaintiffs' claims are barred because Plaintiffs incurred or assumed the risk the risks of which they complain about in this action. The Plaintiffs were given ample opportunity to conduct their own due diligence and research prior to entering into the Program.

TWENTY-SECOND AFFIRMATIVE DEFENSE
(Notice of Additional Affirmative Defenses)

Global hereby gives notice that it intends to rely on such other affirmative defenses as may become available or apparent during the course of discovery and thus reserves the right to amend its Answer to assert such defenses.

TWENTY-THIRD AFFIRMATIVE DEFENSE
(Negligence or Fault of Third Parties and S.C. Code § 15-38-15)

Some or all of the Plaintiffs' alleged injuries and damages were proximately caused or contributed to by persons or entities other than Global and over whom Global had no control or duty to control; therefore, Plaintiffs cannot recover from Global. Should Plaintiffs be entitled to a recovery from Global, the same should be assessed in accordance with S.C. Code § 15-38-15, should the court determine that the law of South Carolina is applicable.

TWENTY-FOURTH AFFIRMATIVE DEFENSE
(Intervening and Superseding Cause Pursuant to S.C. Code § 15-38-15)

If Global acted or failed to act as alleged in the Complaint, the same being denied, there were unforeseeable separate or intervening acts or failures to act on the part of persons or entities other than Global, over whom Global had no control or duty to control, and those unforeseeable intervening and superseding acts or failures to act were the sole proximate cause of Plaintiffs' alleged injuries and, therefore, Plaintiffs cannot recover from Global. Should Plaintiffs be entitled to a recovery from Global, the same should be assessed in accordance with S.C. Code § 15-38-15, should the court determine that the law of South Carolina is applicable.

NELSON MULLINS RILEY & SCARBOROUGH LLP

By: s/ROBERT H. JORDAN

Robert H. Jordan
Federal Bar No. 6986
E-Mail: robert.jordan@nelsonmullins.com
151 Meeting Street / Sixth Floor
Post Office Box 1806 (29402-1806)
Charleston, SC 29401-2239
(843) 853-5200

Roger W. Clark (*pro hac vice application to follow)*
E-Mail: rclark@cgold.cc
Robert D. Goldberg (*pro hac vice application to follow)*
E-Mail: rgoldberg@cgold.cc
The Clark Law Group
11355 W. Olympic Boulevard, Suite 303
Los Angeles, CA 90064
(310) 478-0077

Attorneys for Global Aerospace, Inc.

Charleston, South Carolina

May 21, 2014